

House Engrossed Senate Bill

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
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Second Regular Session  
2010

CHAPTER 202

# **SENATE BILL 1137**

AN ACT

AMENDING SECTIONS 28-307, 28-332, 28-372, 28-773, 28-5810, 32-2352 AND  
42-2003, ARIZONA REVISED STATUTES; RELATING TO TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-307, Arizona Revised Statutes, is amended to  
3 read:

4 28-307. Long-range statewide transportation plan; board duties

5 A. The board shall develop a statewide transportation plan as provided  
6 in this section and section 28-506.

7 B. The statewide plan shall be adopted on or before December 31, 2004  
8 2006 and shall be reviewed and updated on or before July 1 of each fifth year  
9 thereafter. The board shall update the dollar estimates in the statewide  
10 plan every two years in conjunction with the certifications required by  
11 section 28-335.

12 C. In establishing the statewide plan, the board shall endeavor to  
13 ensure that the future transportation system facilitates, rather than  
14 directs, future development in this state. To the greatest extent possible,  
15 the board shall ensure that the statewide plan reflects the future  
16 transportation needs of the various areas of this state as reflected in  
17 adopted local and regional land use and general plans.

18 D. In establishing the statewide plan, the board shall consider, to  
19 the greatest extent possible, local, regional and tribal transportation  
20 plans.

21 Sec. 2. Section 28-332, Arizona Revised Statutes, is amended to read:

22 28-332. Department of transportation jurisdiction; duties;  
23 divisions

24 A. The exclusive control and jurisdiction over state highways, state  
25 routes, state owned airports and all state owned transportation systems or  
26 modes are vested in the department of transportation.

27 B. The department shall:

28 1. Register motor vehicles and aircraft, license drivers, collect  
29 revenues, enforce motor vehicle and aviation statutes and perform related  
30 functions.

31 2. Do multimodal state transportation planning, cooperate and  
32 coordinate transportation planning with local governments and establish an  
33 annually updated priority program of capital improvements for all  
34 transportation modes.

35 3. Design and construct transportation facilities in accordance with a  
36 priority plan and maintain and operate state highways, state owned airports  
37 and state public transportation systems.

38 4. Investigate new transportation systems and cooperate with and  
39 advise local governments concerning the development and operation of public  
40 transit systems.

41 5. Have administrative jurisdiction of transportation safety programs  
42 and implement them in accordance with applicable law.

43 C. In order to carry out the responsibilities enumerated in subsection  
44 B, the department is organized into the following divisions:

45 1. Motor vehicle.

1           2. Transportation planning.  
2           3. Highways.  
3           4. Aeronautics.  
4           5. Public transit.  
5           6. Administrative services.  
6           D. THE DIRECTOR MAY DO ANY OF THE FOLLOWING:  
7           1. ESTABLISH DIVISIONS IN ADDITION TO THOSE PRESCRIBED IN  
8 SUBSECTION C.  
9           2. REORGANIZE THE DEPARTMENT.  
10          3. CONSOLIDATE THE DEPARTMENT.  
11          ~~D.~~ E. The department shall provide general administrative support,  
12 equipment and office and meeting space to the Arizona international  
13 development authority established by title 41, chapter 45.  
14          Sec. 3. Section 28-372, Arizona Revised Statutes, is amended to read:  
15          28-372. Returned checks; dishonored electronic payments; fees  
16          A. The director may assess:  
17           1. The fee specified in section 44-6852 for a check, draft or order  
18 that has been dishonored because of insufficient monies, payments stopped or  
19 closed accounts.  
20           2. Collection costs.  
21           3. A fee to be determined by the director for each electronic payment  
22 that has been dishonored because of insufficient monies, payments stopped or  
23 closed accounts.  
24          B. The director shall deposit, pursuant to sections 35-146 and 35-147,  
25 ~~service fees AND COSTS ASSESSED PURSUANT TO SUBSECTION A OF THIS SECTION for~~  
26 ~~dishonored checks, drafts, orders or electronic payments that were submitted~~  
27 ~~for titling and registering vehicles in the state highway fund established by~~  
28 ~~section 28-6991. The director shall deposit, pursuant to sections 35-146 and~~  
29 ~~35-147, all other service fees collected under subsection A of this section~~  
30 ~~in the highway user revenue fund.~~  
31          Sec. 4. Section 28-773, Arizona Revised Statutes, is amended to read:  
32          28-773. Intersection entrance  
33          A. ~~The driver of a vehicle shall stop as required by section 28-855 at~~  
34 ~~the entrance to a through highway and shall yield the right of way to other~~  
35 ~~vehicles that have entered the intersection from the through highway or that~~  
36 ~~are approaching so closely on the through highway as to constitute an~~  
37 ~~immediate hazard, but the driver having so yielded may proceed and the~~  
38 ~~drivers of all other vehicles approaching the intersection on the through~~  
39 ~~highway shall yield the right of way to the vehicle that is proceeding into~~  
40 ~~or across the through highway.~~  
41          B. ~~The driver of a vehicle shall stop in obedience to a stop sign as~~  
42 ~~required by this chapter at an intersection where a stop sign is erected at~~  
43 ~~one or more entrances to the intersection although not a part of a through~~  
44 ~~highway, shall SECTION 28-855 AND THEN proceed cautiously and shall yield~~  
45 ~~WITH CAUTION YIELDING to vehicles that are not obliged REQUIRED to stop and~~

1 that are within the intersection or are approaching so closely as to  
2 constitute an immediate hazard, ~~but may then proceed.~~

3 Sec. 5. Section 28-5810, Arizona Revised Statutes, is amended to read:

4 28-5810. Rental vehicle surcharge; reimbursement; definition

5 A. A person engaged in the business of renting motor vehicles without  
6 drivers shall collect, at the time the rental vehicle is rented, a five per  
7 cent surcharge on each rental contract that is for a period of one hundred  
8 eighty days or less.

9 B. The surcharge:

10 1. Shall be computed on the total amount stated in the rental  
11 contract, less any taxes and fees imposed by title 42, chapter 5, article 1  
12 and title 48, chapter 26, article 2.

13 2. Is not subject to the taxes imposed by title 42, chapter 5, article  
14 1 and title 48, chapter 26, article 2.

15 3. Shall be noted on the rental contract and collected pursuant to the  
16 contract.

17 4. Shall be retained by the vehicle owner or person engaged in the  
18 business of renting rental vehicles.

19 5. Shall be used only for reimbursement of the amount of vehicle  
20 license tax imposed on the rental vehicle pursuant to section 28-5801 and  
21 paid by the rental vehicle owner or person engaged in the business of renting  
22 rental vehicles at the time of vehicle registration.

23 C. On February 15 of each year, a person who is engaged in the  
24 business of renting rental vehicles and who collects a surcharge pursuant to  
25 this section shall file a report with the director stating:

26 1. The total amount of vehicle license tax paid the previous year.

27 2. The total amount of vehicle rental revenues for the previous year.

28 3. The amount by which the surcharge exceeds the amount of vehicle  
29 license tax.

30 D. Surcharges collected in excess of the amount of vehicle license tax  
31 paid shall be remitted, deposited and distributed pursuant to section  
32 28-5808.

33 E. The report to the director required by this section shall be a  
34 sworn statement subject to penalty of perjury for misrepresenting the amount  
35 of vehicle license tax paid or the amount of surcharge collected.

36 F. The director shall adopt rules prescribing auditing procedures,  
37 records maintenance and other requirements necessary to administer this  
38 section.

39 G. TO ASSIST WITH ADMINISTERING THIS ARTICLE, EACH YEAR AT THE REQUEST  
40 OF THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION, THE DEPARTMENT OF  
41 REVENUE SHALL PROVIDE A REPORT TO THE DIRECTOR OF THE DEPARTMENT OF  
42 TRANSPORTATION THAT INCLUDES, TO THE EXTENT AVAILABLE, THE FOLLOWING:

43 1. THE NAMES OF ALL OF THE PERSONS WHO ARE ENGAGED IN THE BUSINESS OF  
44 RENTING RENTAL VEHICLES AND WHO HOLD A TRANSACTION PRIVILEGE TAX LICENSE  
45 PURSUANT TO SECTION 42-5071.

1           2. THE ADDRESS OF THE BUSINESS.

2           3. THE EFFECTIVE DATE OF THE LICENSE.

3           G. H. For the purposes of this section, "rental vehicle" means both  
4 of the following:

5           1. A passenger vehicle that is designed to transport fifteen or fewer  
6 passengers and that is rented without a driver.

7           2. A truck, trailer or semitrailer that has a gross vehicle weight of  
8 less than twenty-six thousand one pounds, that is rented without a driver and  
9 that is used in the transportation of personal property.

10          Sec. 6. Section 32-2352, Arizona Revised Statutes, is amended to read:

11          32-2352. Enforcement; contract with private entity

12          A. The director ~~shall~~, subject to title 41, chapter 6, SHALL adopt and  
13 ~~prescribe~~ such rules concerning the administration and enforcement of this  
14 chapter as are necessary to carry out the intent of this chapter and to  
15 protect the public. The director or ~~his~~ THE DIRECTOR'S authorized  
16 representative shall inspect the school facilities and equipment used by  
17 applicants and licensees under ~~the provisions of~~ this chapter and examine  
18 applicants for instructor's licenses.

19          B. The director shall administer and enforce ~~the provisions of~~ this  
20 chapter.

21          C. THE DIRECTOR MAY CONTRACT WITH A PRIVATE ENTITY TO CONDUCT  
22 INSPECTIONS PURSUANT TO THIS SECTION AND TO ADMINISTER ANY RULES ADOPTED  
23 PURSUANT TO THIS SECTION THAT RELATE TO THE LICENSURE AND ADMINISTRATION OF  
24 TRAFFIC SURVIVAL SCHOOLS PURSUANT TO THIS CHAPTER. THE TERM OF ANY CONTRACT  
25 ENTERED INTO PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED FIVE YEARS WITH A  
26 RIGHT TO RENEW FOR AN ADDITIONAL FIVE YEARS. THE PRIVATE ENTITY THAT  
27 CONTRACTS WITH THE DIRECTOR PURSUANT TO THIS SUBSECTION:

28           1. SHALL NOT PROVIDE TRAFFIC SURVIVAL SCHOOL COURSES.

29           2. MAY CHARGE A FEE TO EACH PERSON WHO ENROLLS IN TRAFFIC SURVIVAL  
30 SCHOOL.

31          Sec. 7. Section 42-2003, Arizona Revised Statutes, is amended to read:  
32          42-2003. Authorized disclosure of confidential information

33          A. Confidential information relating to:

34           1. A taxpayer may be disclosed to the taxpayer, its successor in  
35 interest or a designee of the taxpayer who is authorized in writing by the  
36 taxpayer. A principal corporate officer of a parent corporation may execute  
37 a written authorization for a controlled subsidiary.

38           2. A corporate taxpayer may be disclosed to any principal officer, any  
39 person designated by a principal officer or any person designated in a  
40 resolution by the corporate board of directors or other similar governing  
41 body.

42           3. A partnership may be disclosed to any partner of the partnership.  
43 This exception does not include disclosure of confidential information of a  
44 particular partner unless otherwise authorized.

1       4. An estate may be disclosed to the personal representative of the  
2 estate and to any heir, next of kin or beneficiary under the will of the  
3 decedent if the department finds that the heir, next of kin or beneficiary  
4 has a material interest which will be affected by the confidential  
5 information.

6       5. A trust may be disclosed to the trustee or trustees, jointly or  
7 separately, and to the grantor or any beneficiary of the trust if the  
8 department finds that the grantor or beneficiary has a material interest  
9 which will be affected by the confidential information.

10       6. Any taxpayer may be disclosed if the taxpayer has waived any rights  
11 to confidentiality either in writing or on the record in any administrative  
12 or judicial proceeding.

13       7. The name and taxpayer identification numbers of persons issued  
14 direct payment permits may be publicly disclosed.

15       B. Confidential information may be disclosed to:

16       1. Any employee of the department whose official duties involve tax  
17 administration.

18       2. The office of the attorney general solely for its use in  
19 preparation for, or in an investigation which may result in, any proceeding  
20 involving tax administration before the department or any other agency or  
21 board of this state, or before any grand jury or any state or federal court.

22       3. The department of liquor licenses and control for its use in  
23 determining whether a spirituous liquor licensee has paid all transaction  
24 privilege taxes and affiliated excise taxes incurred as a result of the sale  
25 of spirituous liquor, as defined in section 4-101, at the licensed  
26 establishment and imposed on the licensed establishments by this state and  
27 its political subdivisions.

28       4. Other state tax officials whose official duties require the  
29 disclosure for proper tax administration purposes if the information is  
30 sought in connection with an investigation or any other proceeding conducted  
31 by the official. Any disclosure is limited to information of a taxpayer who  
32 is being investigated or who is a party to a proceeding conducted by the  
33 official.

34       5. The following agencies, officials and organizations, if they grant  
35 substantially similar privileges to the department for the type of  
36 information being sought, pursuant to statute and a written agreement between  
37 the department and the foreign country, agency, state, Indian tribe or  
38 organization:

39       (a) The United States internal revenue service, alcohol and tobacco  
40 tax and trade bureau of the United States treasury, United States bureau of  
41 alcohol, tobacco, firearms and explosives of the United States department of  
42 justice, United States drug enforcement agency and federal bureau of  
43 investigation.

44       (b) A state tax official of another state.

1 (c) An organization of states, federation of tax administrators or  
2 multistate tax commission that operates an information exchange for tax  
3 administration purposes.

4 (d) An agency, official or organization of a foreign country with  
5 responsibilities that are comparable to those listed in subdivision (a), (b)  
6 or (c) of this paragraph.

7 (e) An agency, official or organization of an Indian tribal government  
8 with responsibilities comparable to the responsibilities of the agencies,  
9 officials or organizations identified in subdivision (a), (b) or (c) of this  
10 paragraph.

11 6. The auditor general, in connection with any audit of the department  
12 subject to the restrictions in section 42-2002, subsection D.

13 7. Any person to the extent necessary for effective tax administration  
14 in connection with:

15 (a) The processing, storage, transmission, destruction and  
16 reproduction of the information.

17 (b) The programming, maintenance, repair, testing and procurement of  
18 equipment for purposes of tax administration.

19 8. The office of administrative hearings relating to taxes  
20 administered by the department pursuant to section 42-1101, but the  
21 department shall not disclose any confidential information:

22 (a) Regarding income tax, withholding tax or estate tax.

23 (b) On any tax issue relating to information associated with the  
24 reporting of income tax, withholding tax or estate tax.

25 9. The United States treasury inspector general for tax administration  
26 for the purpose of reporting a violation of internal revenue code section  
27 7213A (26 United States Code section 7213A), unauthorized inspection of  
28 returns or return information.

29 10. The financial management service of the United States treasury  
30 department for use in the treasury offset program.

31 11. The United States treasury department or its authorized agent for  
32 use in the state income tax levy program and in the electronic federal tax  
33 payment system.

34 12. The department of commerce for its use in:

35 (a) Qualifying motion picture production companies for the tax  
36 incentives provided for motion picture production under chapter 5 of this  
37 title and sections 43-1075 and 43-1163.

38 (b) Qualifying applicants for the motion picture infrastructure  
39 project tax credits under sections 43-1075.01 and 43-1163.01.

40 (c) Qualifying renewable energy operations for the tax incentives  
41 under sections 42-12006, 43-1083.01 and 43-1164.01.

42 (d) Fulfilling its annual reporting responsibility pursuant to section  
43 41-1511, subsections T and U and section 41-1517, subsections S and T.

44 13. A prosecutor for purposes of section 32-1164, subsection C.

1        14. The state fire marshal for use in determining compliance with and  
2 enforcing title 41, chapter 16, article 3.1.

3        15. THE DEPARTMENT OF TRANSPORTATION FOR ITS USE IN ADMINISTERING TAXES  
4 AND SURCHARGES PRESCRIBED BY TITLE 28.

5        C. Confidential information may be disclosed in any state or federal  
6 judicial or administrative proceeding pertaining to tax administration  
7 pursuant to the following conditions:

8        1. One or more of the following circumstances must apply:

9        (a) The taxpayer is a party to the proceeding.

10        (b) The proceeding arose out of, or in connection with, determining  
11 the taxpayer's civil or criminal liability, or the collection of the  
12 taxpayer's civil liability, with respect to any tax imposed under this title  
13 or title 43.

14        (c) The treatment of an item reflected on the taxpayer's return is  
15 directly related to the resolution of an issue in the proceeding.

16        (d) Return information directly relates to a transactional  
17 relationship between a person who is a party to the proceeding and the  
18 taxpayer and directly affects the resolution of an issue in the proceeding.

19        2. Confidential information may not be disclosed under this subsection  
20 if the disclosure is prohibited by section 42-2002, subsection C or D.

21        D. Identity information may be disclosed for purposes of notifying  
22 persons entitled to tax refunds if the department is unable to locate the  
23 persons after reasonable effort.

24        E. The department, upon the request of any person, shall provide the  
25 names and addresses of bingo licensees as defined in section 5-401, verify  
26 whether or not a person has a privilege license and number, a distributor's  
27 license and number or a withholding license and number or disclose the  
28 information to be posted on the department's ~~web-site~~ WEBSITE or otherwise  
29 publicly accessible pursuant to section 42-1124, subsection F and section  
30 42-3201, subsection A.

31        F. A department employee, in connection with the official duties  
32 relating to any audit, collection activity or civil or criminal  
33 investigation, may disclose return information to the extent that disclosure  
34 is necessary to obtain information which is not otherwise reasonably  
35 available. These official duties include the correct determination of and  
36 liability for tax, the amount to be collected or the enforcement of other  
37 state tax revenue laws.

38        G. If an organization is exempt from this state's income tax as  
39 provided in section 43-1201 for any taxable year, the name and address of the  
40 organization and the application filed by the organization upon which the  
41 department made its determination for exemption together with any papers  
42 submitted in support of the application and any letter or document issued by  
43 the department concerning the application are open to public inspection.



1           H. Confidential information relating to transaction privilege tax, use  
2 tax, severance tax, jet fuel excise and use tax and rental occupancy tax may  
3 be disclosed to any county, city or town tax official if the information  
4 relates to a taxpayer who is or may be taxable by the county, city or town.  
5 Any taxpayer information released by the department to the county, city or  
6 town:

7           1. May only be used for internal purposes.

8           2. May not be disclosed to the public in any manner that does not  
9 comply with confidentiality standards established by the department. The  
10 county, city or town shall agree in writing with the department that any  
11 release of confidential information that violates the confidentiality  
12 standards adopted by the department will result in the immediate suspension  
13 of any rights of the county, city or town to receive taxpayer information  
14 under this subsection.

15          I. The department may disclose statistical information gathered from  
16 confidential information if it does not disclose confidential information  
17 attributable to any one taxpayer. In order to comply with the requirements  
18 of section 42-5029, subsection A, paragraph 3, the department may disclose to  
19 the state treasurer statistical information gathered from confidential  
20 information, even if it discloses confidential information attributable to a  
21 taxpayer.

22          J. The department may disclose the aggregate amounts of any tax  
23 credit, tax deduction or tax exemption enacted after January 1, 1994.  
24 Information subject to disclosure under this subsection shall not be  
25 disclosed if a taxpayer demonstrates to the department that such information  
26 would give an unfair advantage to competitors.

27          K. Except as provided in section 42-2002, subsection C, confidential  
28 information, described in section 42-2001, paragraph 2, subdivision (a), item  
29 (iii), may be disclosed to law enforcement agencies for law enforcement  
30 purposes.

31          L. The department may provide transaction privilege tax license  
32 information to property tax officials in a county for the purpose of  
33 identification and verification of the tax status of commercial property.

34          M. The department may provide transaction privilege tax, luxury tax,  
35 use tax, property tax and severance tax information to the ombudsman-citizens  
36 aide pursuant to title 41, chapter 8, article 5.

37          N. Except as provided in section 42-2002, subsection D, a court may  
38 order the department to disclose confidential information pertaining to a  
39 party to an action. An order shall be made only upon a showing of good cause  
40 and that the party seeking the information has made demand upon the taxpayer  
41 for the information.

42          O. This section does not prohibit the disclosure by the department of  
43 any information or documents submitted to the department by a bingo licensee.  
44 Before disclosing the information the department shall obtain the name and  
45 address of the person requesting the information.

1       P. If the department is required or permitted to disclose confidential  
2 information, it may charge the person or agency requesting the information  
3 for the reasonable cost of its services.

4       Q. Except as provided in section 42-2002, subsection D, the department  
5 of revenue shall release confidential information as requested by the  
6 department of economic security pursuant to section 42-1122 or 46-291.  
7 Information disclosed under this subsection is limited to the same type of  
8 information that the United States internal revenue service is authorized to  
9 disclose under section 6103(1)(6) of the internal revenue code.

10       R. Except as provided in section 42-2002, subsection D, the department  
11 of revenue shall release confidential information as requested by the courts  
12 and clerks of the court pursuant to section 42-1122.

13       S. To comply with the requirements of section 42-5031, the department  
14 may disclose to the state treasurer, to the county stadium district board of  
15 directors and to any city or town tax official that is part of the county  
16 stadium district confidential information attributable to a taxpayer's  
17 business activity conducted in the county stadium district.

18       T. The department shall release confidential information as requested  
19 by the attorney general for purposes of determining compliance with and  
20 enforcing section 44-7101, the master settlement agreement referred to  
21 therein and subsequent agreements to which the state is a party that amend or  
22 implement the master settlement agreement. Information disclosed under this  
23 subsection is limited to luxury tax information relating to tobacco  
24 manufacturers, distributors, wholesalers and retailers and information  
25 collected by the department pursuant to section 44-7101(2)(j).

26       U. For proceedings before the department, the office of administrative  
27 hearings, the board of tax appeals or any state or federal court involving  
28 penalties that were assessed against a return preparer or electronic return  
29 preparer pursuant to section 42-1103.02 or 42-1125.01, confidential  
30 information may be disclosed only before the judge or administrative law  
31 judge adjudicating the proceeding, the parties to the proceeding and the  
32 parties' representatives in the proceeding prior to its introduction into  
33 evidence in the proceeding. The confidential information may be introduced  
34 as evidence in the proceeding only if the taxpayer's name, the names of any  
35 dependents listed on the return, all social security numbers, the taxpayer's  
36 address, the taxpayer's signature and any attachments containing any of the  
37 foregoing information are redacted and if either:

38       1. The treatment of an item reflected on such return is or may be  
39 related to the resolution of an issue in the proceeding.

40       2. Such return or return information relates or may relate to a  
41 transactional relationship between a person who is a party to the proceeding  
42 and the taxpayer which directly affects the resolution of an issue in the  
43 proceeding.

1       V. The department may disclose to the attorney general confidential  
2 information received under section 44-7111 and requested by the attorney  
3 general for purposes of determining compliance with and enforcing section  
4 44-7111. The department and attorney general shall share with each other the  
5 information received under section 44-7111, and may share the information  
6 with other federal, state or local agencies only for the purposes of  
7 enforcement of section 44-7101, section 44-7111 or corresponding laws of  
8 other states.

9       W. The department may provide the name and address of qualifying  
10 hospitals and qualifying health care organizations, as defined in section  
11 42-5001, to a business classified and reporting transaction privilege tax  
12 under the utilities classification.

APPROVED BY THE GOVERNOR APRIL 28, 2010.

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